

Standard Chartered Bank (Singapore) Limited
Registration Number: 201224747C

LCR Public Disclosure
Year ended 31 December 2019

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (“LCR”) ensures that Standard Chartered Bank (Singapore) Limited (the “Bank”) maintains sufficient unencumbered High Quality Liquid Assets (“HQLA”) to survive a significant liquidity stress scenario over a 30-day horizon. The purpose of this disclosure is to provide the information pursuant to MAS Notice 651 “Liquidity Coverage Ratio Disclosure”.

The Bank has been subjected to the LCR requirements under the MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” from 1 Jan 2016. Under MAS 649, the Bank which has been notified by the Authority as a Domestic Systemically Important Bank (“DSIB”) is required to maintain an all-currency LCR requirement of 50% and Singapore Dollar LCR requirement of 100%.

Liquidity Management

Daily liquidity management is carried out by the Treasury Markets (“TM”) desk who regulates the day to day liquidity needs of the Bank.

Funding is managed centrally in the country. As such, funding decisions of the Bank are considered in concert with the operations of the Standard Chartered Bank Singapore Branch. Such decisions shall take into account regulatory requirements while ensuring flexibility in managing liquidity and the pool of liquid assets.

Funding and liquidity management strategies are regularly discussed during Asset and Liability Committee (“ALCO”) meeting. Such discussions include analysis on deposit momentum and tenure, funding gaps and concentration, monitoring of short and long-term liquidity ratios (including LCR). The Bank utilises internal Management Action Triggers (“MATs”) which act as early warning indicators and safeguards to ensure sufficient liquidity buffers at all times. The Bank also has in place contingency funding plans that identify specific management action that can be invoked in times of liquidity crisis.

Composition of High Quality Liquid Assets (“HQLA”)

The Bank holds a diversified portfolio of HQLA that are available to meet the liquidity needs under stress scenarios. The HQLA comprise primarily of Level 1 securities in cash and central bank reserves, bonds issued by central banks and high rated supranational entities. Such Level 1 securities do not have any attached haircuts in the portfolio of HQLA.

SCBSL has a small portion of holdings in Level 2 securities. Level 2A securities comprise of statutory board securities and covered bonds issued by financial institutions. Level 2B securities comprise Residential Mortgage Backed Securities (“RMBS”). Level 2A and 2B securities are subject to weights of 85% and 75% respectively as prescribed by the LCR rules.

Funding Sources

The Bank holds a funding base that is driven by Current and Savings Account “CASA” and term deposits from retail and high net worth customers. This is complemented by wholesale funding from operational and non-operational deposits held with commercial clients of the Bank.

Given the Bank’s funding sources, its LCR is sensitive to changes in (a) balance sheet movements resulting from retail and commercial loan/deposits activities as well as intra-group borrowing and lending (b) maturity movements in the balance sheet and balances falling into and out of the 30-day tenor. LCR is also to a lesser extent sensitive to HQLA movements driven by changes in balances with central banks and bond holdings with supranational entities and statutory boards.

Currency Mismatch

The Bank predominantly operates in the Singapore Currency consistent with its operating location. Excess funds are swapped and the Bank may utilise swap markets to support currency needs and loan demand.

Derivative Exposures and Potential Collateral Calls

Derivative flows comprise mainly of foreign exchange flows driven by swaps, forwards and spot transactions. Such derivative positions are marked-to-market and collaterals are posted to and received from margined counterparties. Such collateral posted/received are utilised in the computation of net cash outflows.

Quantitative Disclosure

The data presented in the quantitative disclosure (Table 1 & 2 below) are simple averages of daily observations over each of the four preceding quarters.

First quarter 2019, the average all-currency and SGD LCR were 446% and 188% respectively.
Second quarter 2019, the average all-currency and SGD LCR were 184% and 325% respectively.
Third quarter 2019, the average all-currency and SGD LCR were 163% and 312% respectively.
Fourth quarter 2019, the average all-currency and SGD LCR were 146% and 196% respectively.

The average all-currency and SGD LCR remained well above the regulatory minimums of 50% and 100% respectively.

Comparing Second Quarter to First Quarter:

All-currency LCR decreased due to the increase in liabilities, mainly from unsecured wholesale funding following the transfer of Corporate, Commercial and Private Banking assets and liabilities from Standard Chartered Bank Singapore Branch to Standard Chartered Bank (Singapore) Limited in May 2019. SGD LCR increased from reserves placed with MAS.

Comparing Third Quarter to Second Quarter:

All-currency and SGD LCR decreased due to the increase in liabilities, mainly from unsecured wholesale funding following the transfer of Corporate, Commercial and Private Banking assets and liabilities from Standard Chartered Bank Singapore Branch to Standard Chartered Bank (Singapore) Limited in May 2019.

Comparing Fourth Quarter to Third Quarter:

All-currency and SGD LCR started to normalise downwards in Q4 2019 following the full subsidiarisation of Corporate, Commercial and Private Banking businesses in H1 2019.

Table: 1
Average All-currency LCR¹ - Year 2019

ALL Currency LCR (in SGD millions)	1st Quarter Average		2nd Quarter Average		3rd Quarter Average		4th Quarter Average	
	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE
	90 data points		91 data points		92 data points		92 data points	
HIGH-QUALITY LIQUID ASSETS								
1 Total high-quality liquid assets (HQLA)		4,897		15,395		24,027		25,230
CASH OUTFLOWS								
2 Retail deposits and deposits from small business customers, of which:	26,459	2,425	30,602	2,835	34,682	3,242	35,387	3,312
3 Stable deposits	6,656	459	7,511	540	8,647	653	8,792	667
4 Less stable deposits	19,803	1,966	23,091	2,295	26,035	2,589	26,595	2,645
5 Unsecured wholesale funding, of which:	3,345	1,198	21,317	9,404	37,187	16,664	39,625	18,182
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,523	381	9,202	2,301	15,606	3,902	15,846	3,961
7 Non-operational deposits (all counterparties)	1,822	817	12,115	7,103	21,581	12,762	23,779	14,221
8 Unsecured debt	-	-	-	-	-	-	-	-
9 Secured wholesale funding		-		17		26		19
10 Additional requirements, of which:	1,307	235	3,770	419	5,712	863	6,746	1,142
11 Outflows related to derivative exposures and other collateral requirements	178	178	162	162	448	448	487	487
12 Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13 Credit and liquidity facilities	1,129	57	3,608	257	5,264	415	6,259	655
14 Other contractual funding obligations	475	475	1,681	1,681	2,247	2,247	2,042	2,048
15 Other contingent funding obligations	262	8	3,623	109	6,238	187	6,314	189
16 TOTAL CASH OUTFLOWS		4,341		14,465		23,229		24,892
CASH INFLOWS								
17 Secured lending (eg reverse repos)	752	25	2,078	527	2,958	1,007	1,495	162
18 Inflows from fully performing exposures	3,331	3,037	8,140	5,342	11,682	6,908	11,420	6,987
19 Other cash inflows	386	182	1,340	229	1,933	543	1,993	501
20 TOTAL CASH INFLOWS	4,469	3,244	11,558	6,098	16,573	8,458	14,908	7,650
21 TOTAL HQLA		4,897		15,395		24,027		25,230
22 TOTAL NET CASH OUTFLOWS		1,097		8,367		14,771		17,242
23 LIQUIDITY COVERAGE RATIO (%)		446%		184%		163%		146%

Table: 2
Average SGD LCR¹ - Year 2019

SGD LCR (in SGD millions)	1st Quarter Average		2nd Quarter Average		3rd Quarter Average		4th Quarter Average	
	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE	UNWEIGHTED	WEIGHTED VALUE
	90 data points		91 data points		92 data points		92 data points	
HIGH-QUALITY LIQUID ASSETS								
1 Total high-quality liquid assets (HQLA)		3,157		9,364		16,643		18,347
CASH OUTFLOWS								
2 Retail deposits and deposits from small business customers, of which:	21,931	1,972	23,315	2,106	24,774	2,251	25,479	2,322
3 Stable deposits	6,656	459	7,511	540	8,647	653	8,792	667
4 Less stable deposits	15,275	1,513	15,804	1,566	16,127	1,598	16,687	1,655
5 Unsecured wholesale funding, of which:	2,109	765	7,132	3,249	11,652	5,358	12,441	5,929
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	955	239	3,095	774	4,892	1,223	4,818	1,204
7 Non-operational deposits (all counterparties)	1,154	526	4,037	2,475	6,760	4,135	7,623	4,725
8 Unsecured debt	-	-	-	-	-	-	-	-
9 Secured wholesale funding		-		1		1		-
10 Additional requirements, of which:	1,433	381	4,339	2,629	9,878	7,952	9,826	7,703
11 Outflows related to derivative exposures and other collateral requirements	326	326	2,519	2,519	7,803	7,803	7,534	7,534
12 Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13 Credit and liquidity facilities	1,107	55	1,820	110	2,075	149	2,292	169
14 Other contractual funding obligations	294	294	431	431	599	599	587	587
15 Other contingent funding obligations	61	2	247	7	451	14	468	14
16 TOTAL CASH OUTFLOWS		3,414		8,423		16,175		16,555
CASH INFLOWS								
17 Secured lending (eg reverse repos)	493	25	458	7	1,146	11	668	-
18 Inflows from fully performing exposures	1,331	1,176	1,864	1,357	1,573	907	1,368	718
19 Other cash inflows	626	538	4,397	4,180	10,148	9,915	6,752	6,487
20 TOTAL CASH INFLOWS	2,450	1,739	6,719	5,544	12,867	10,833	8,788	7,205
21 TOTAL HQLA		3,157		9,364		16,643		18,347
22 TOTAL NET CASH OUTFLOWS		1,675		2,879		5,342		9,350
23 LIQUIDITY COVERAGE RATIO (%)		188%		325%		312%		196%

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a) The unweighted amounts refer to cash flows due or callable within 30 days.

b) The LCR is computed as an average of observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and net cash outflows disclosed in the table.

c) Total net cash outflows may not be equal to the total cash outflows minus total cash inflows as the cap on inflows is binding. Cash inflows may be netted against cash outflows up to an aggregate cap of 75% of total cash outflows.